Transportation Safety Board of Canada

2009-2010

Departmental Performance Report

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Chair's Message

The TSB's highly skilled and dedicated investigators are continuously called to conduct independent, expert investigations into selected incidents and accidents in the federally regulated transportation industry. No matter where things go wrong—on our waterways, along our pipelines or railways, or in our skies—we make sure Canadians know what happened, why it happened, and what needs to be done to make the system safer.

Since its inception in 1990, the TSB has addressed thousands of occurrences. Now, as we enter our third decade, we feel more confident than ever that Canadians can be proud of our innovative work, work that has established Canada as a world leader in independent accident investigation. This year, as always, our Annual Report to Parliament identifies a number of important safety lessons. We are committed to ensuring that those lessons, and our subsequent recommendations, are heard and understood by regulators, the industry and all Canadians.

But we don't stop there. When the Board feels not enough has been done, we will speak up, as we did with our Safety Watchlist. This innovative tool highlights nine critical issues that pose the greatest risk to Canadians, issues that must be tackled to make Canada's transportation system safer.

This year, we did not fully achieve all the priority objectives defined in our Report on Plans and Priorities. Significant progress, however, was made in several key areas. For instance, we met most of our targets for report publishing, including average time to complete each investigation. Some of the projects identified in our 2009–2010 Report on Plans and Priorities experienced delays, mainly due to staff turnover and conflicting priorities. However, these projects, including the development of the department's performance management framework and the implementation of a new Multi-Modal Training and Standards Division, are underway for completion in 2010–2011.

The TSB is fully committed to improving transportation safety in Canada and abroad. Through its continuous efforts, the organization will ensure that its products and services, as well as business activities, remain effective and efficient for the delivery of its mandate. But even as we reflect on two decades of accomplishments, we remain ever vigilant, making sure to keep looking ahead—to the challenges that await us, and to the opportunity to continue serving all Canadians.

Section 1: Overview

1.1 Raison d'être and Responsibilities

The Transportation Safety Board of Canada (TSB) is an independent agency created in 1990 by an Act of Parliament (*Canadian Transportation Accident Investigation and Safety Board Act*). It operates at arm's length from other government departments and agencies to ensure that there are no real or perceived conflicts of interest. The TSB's only objective is to advance transportation safety. This mandate is fulfilled by conducting independent investigations into selected transportation occurrences to identify the causes and contributing factors of the occurrences, and the underlying safety deficiencies. The TSB then makes recommendations to improve safety and reduce or eliminate risks to people, property and the environment.

The jurisdiction of the TSB includes all aviation, marine, rail and pipeline transportation occurrences[1] in or over Canada that fall under federal jurisdiction. The TSB may also represent Canadian interests in foreign investigations of transportation accidents involving Canadian registered, licensed or manufactured aircraft, ships or railway rolling stock. In addition, the TSB carries out some of Canada's obligations related to transportation safety at the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO).

The TSB is primarily funded by Parliament through an operating expenditures vote and, as a departmental corporation, it has authority to spend revenues received during the year.

For more details on the TSB and its investigation process, visit the TSB website at http://www.bst-tsb.gc.ca/eng/index.asp.

1.2 Risk Analysis

The TSB is exposed to a number of situations, both internally and externally, that could have significant repercussions on its ability to fulfill its mandate. The most important challenges faced in 2009–2010 are described in the following paragraphs.

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[1] A transportation occurrence is any accident or incident associated with the operation of an aircraft, ship, railway rolling stock or pipeline. It also includes any hazard that could, in the Board's judgement, result in an accident or incident if left unattended.

From an External Point of View

Slowdown of the Global Economy and Impact on TSB Activities

The slowdown of the global economy has affected all sectors of the Canadian transportation industry, leading to reduced activity and revenues. The impact of reduced revenues on transportation safety remains unknown. However, there is a risk that reduced revenues could lead to reductions in expenditures on infrastructure or its maintenance, which may in turn lead to increased accident rates in the future. The TSB continues to monitor this situation closely in order to detect any trends that could indicate compromised safety.

Government in a Deficit Economy

In Budget 2009, the Department of Finance announced a freeze on department spending on travel, conferences and hospitality at 2008–2009 levels for the next two years. The TSB responded to this freeze by reviewing and reducing any discretionary travel. However, the department's travel requirements are dependent on the frequency and location of transportation occurrences. The ability for the TSB to respect the spending limit is dependent on these two factors. In 2009–2010, the TSB did remain within the spending limit for travel, conferences and hospitality. In Budget 2010, the Government announced additional cost-containment measures for the next three fiscal years. The TSB has initiated plans to accommodate the budget freeze in 2010–2011 but needs to identify additional options for absorbing the cumulative impact in the following two years.

From an Internal Point of View

Repercussions of Organizational Changes

In 2008–2009, the TSB completed various projects associated with the review of its A-base budget. The actions stemming from these projects have helped tighten the department's top-level organizational structure, realign its governance committees and ensure stringent follow-up on the organization's product quality and productivity. Over the last year, the department initiated work on the establishment of a Multi-Modal Training and Standards Division, a review of the report production processes, as well as other projects having an impact on TSB's operations. The department has managed these organizational changes by ensuring ongoing transparent communications with employees and stakeholders and using an appropriate change-management framework to minimize any negative repercussions.

Maintaining a Competent Workforce

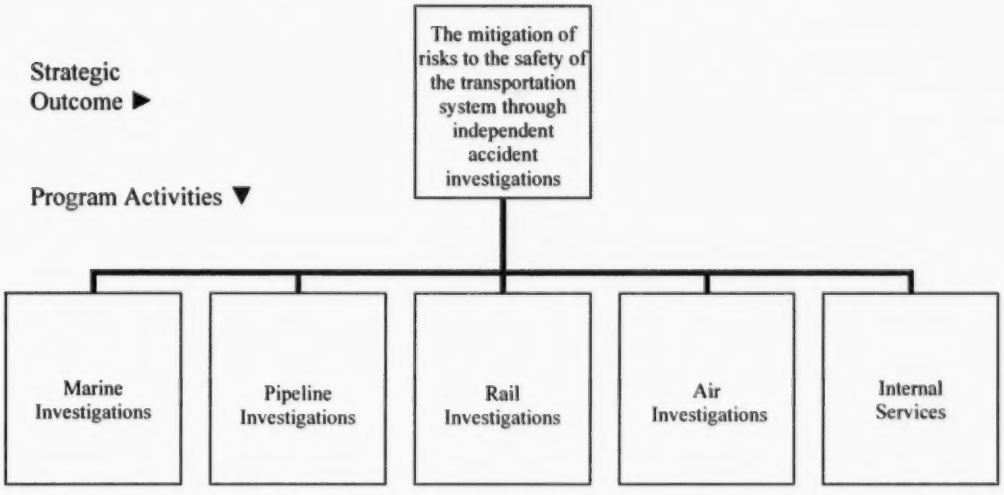
The credibility and success of the TSB depend on its ability to develop and maintain a competent and diverse professional workforce to ensure operational continuity. The TSB had anticipated several challenges with its workforce, as described in its 2009–2010 Report on Plans and Priorities.

An increasing number of Public Service employees who provide internal services retired or resigned from the department in the year. The lack of availability of qualified and experienced labour in the market made staffing positions challenging. Several staffing processes needed to be run more than once to find a suitable candidate. The TSB relied on contract workers in certain situations to ensure the continuity of operations. The turnover in staff resulted in delays to the execution of corporate projects.

Human resources planning is particularly important within the TSB because numerous positions are the only one of their kind; in other words, only one person is responsible for a specific task or activity. The TSB implemented an integrated planning process in 2009–2010 which included the development of a formal staffing plan. Additionally, new departmental human resources policies and processes have been implemented for the establishment of employee performance agreements and learning plans. These measures should increase the department's ability to plan and transition through vacancies, as well as improve employee retention.

1.3 Strategic Outcome and Program Activity Architecture

The chart below illustrates the program activities that contribute to the achievement of the TSB strategic outcome.



1.4 Resources

2009–2010 Financial Resources ($ thousands)

Planned Spending	Total Authorities	Actual Spending
31,583	32,329	31,449

2009–2010 Human Resources (FTEs*)

Planned	Actual	Difference
235	220	15

* full-time equivalents

1.5 Performance Summary

TSB Strategic Outcome: The mitigation of risks to the safety of the transportation system through independent accident investigations

Alignment of Program Activities to the Government of Canada Outcome: Safe and secure communities[2]

Program Activities	2008-2009 Actual Spending[3]	2009–2010 Main Estimates	2009–2010 Planned Spending	2009–2010 Total Authorities	2009–2010 Actual Spending
Marine Investigations	5,254	5,112	5,551	5,656	5,526
Pipeline Investigations	432	464	451	462	451
Rail Investigations	4,597	4,879	4,931	5,233	5,073
Air Investigations	13,455	12,779	13,524	13,969	13,525
Internal Services	7,866	5,710	7,126	7,009	6,874
Total	**31,604**	**28,944**	**31,583**	**32,329**	**31,449**

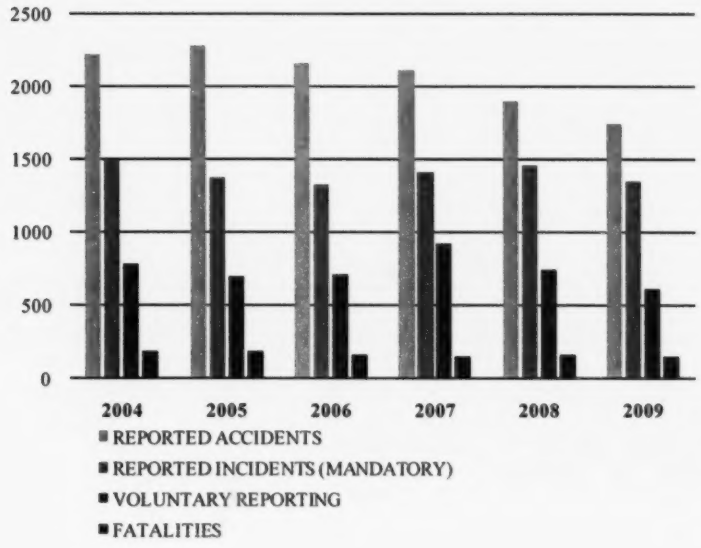
2 http://www.tbs-sct.gc.ca/ppg-cpr/framework-cadre-eng.aspx?Rt=1037

3 Commencing in the 2009–2010 Estimates cycle, the resources for the Internal Services program activity are displayed separately from other program activities; they are no longer distributed among the remaining program activities, as was the case in previous Main Estimates. The 2008–2009 figures have been restated to match the 2009–2010 program activity structure.

Occurrences Reported to the TSB

In 2009, a total of 1,740 accidents and 1,357 incidents were reported in accordance with the TSB's regulations for mandatory reporting of occurrences.[4] The number of accidents in 2009 decreased by 8 per cent from the 1,901 accidents reported in 2008 and by 18 per cent from the 2004–2008 annual average of 2,133 accidents. The number of reported incidents decreased to 1,357 in 2009 from 1,464 in 2008, and decreased from the 2004–2008 average of 1,412. There were also 616 voluntary incident reports. Fatalities totalled 157 in 2009, down 6 from the 2008 total, and down 15 from the 2004–2008 average.

Figure 1: Occurrences Reported to the TSB

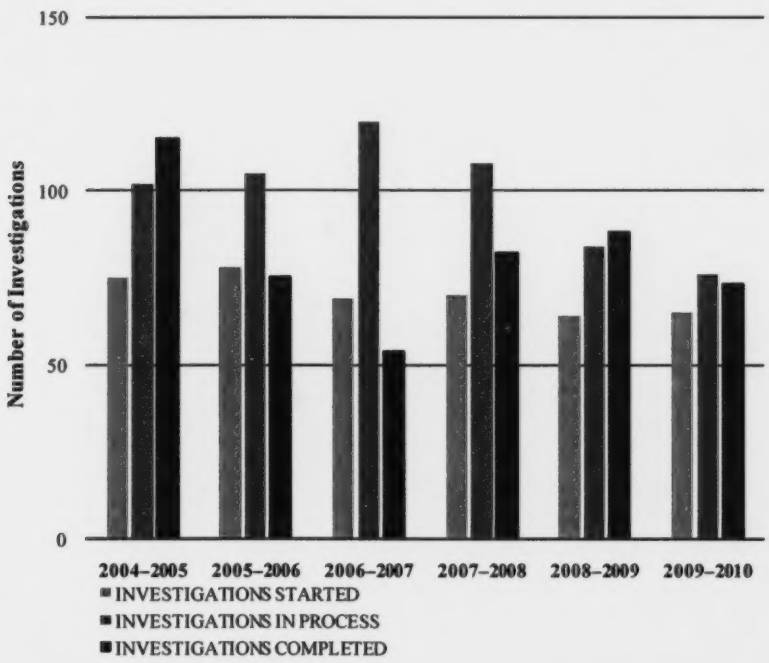


4 While the Board's operations are for the 2009–2010 fiscal year, occurrence statistics are for the 2009 calendar year unless otherwise indicated. Please note that, in a live database, the occurrence data are constantly being updated. Consequently, the statistics can change slightly over time. Comparisons are generally to the last 5 or 10 years. For definitions of terms such as *accident*, *incident* and *occurrence*, see Appendix A.

Investigations Started, in Process and Completed

In fiscal year 2009–2010, investigations were undertaken for 65 of the occurrences reported to the TSB compared to 61 in 2008–2009. In that same period, 73 investigations were completed, compared to 88 in the previous year.[5] The number of investigations in process decreased to 76 at the end of the fiscal year from 84 at the start. Average time to complete an investigation decreased to 454 days in fiscal year 2009–2010 from 534 days in the previous year.

Figure 2: Investigations Started, in Process and Completed



Overall, the TSB has been successful in identifying safety deficiencies and in reducing risks in the transportation system. TSB investigations result in reports identifying safety deficiencies and, where appropriate, containing recommendations to reduce risks. Over this past year, in all cases where the TSB undertook an investigation, safety deficiencies or contributing factors were identified and communicated. These results reflect careful application of the TSB's Occurrence Classification Policy in deciding whether to investigate, and a thorough implementation of the investigation methodology. This systematic approach ensures that TSB investigation resources are invested in areas with the greatest potential safety payoffs.

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5 Investigations are considered complete after the final report has been issued.

Safety Communications Issued

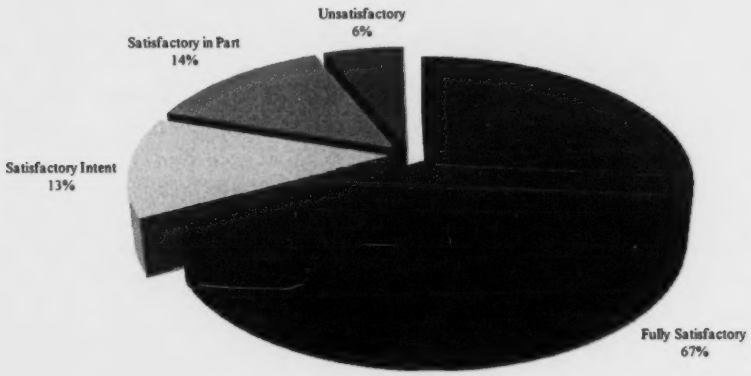
In 2009–2010, in addition to investigation reports, the TSB issued a total of 55 safety outputs: 11 recommendations, 24 safety advisories and 20 safety information letters. Safety information is also provided informally to key stakeholders throughout the investigation process, permitting them to take immediate safety actions where appropriate. It is common practice for industry and government to take safety actions during the course of TSB investigations. Such safety actions range widely in scope and importance. Operators will often take immediate remedial action after discussion with TSB investigators (for example, to clear the sight-lines at a railway crossing by trimming bushes and vegetation). Regulators such as Transport Canada (TC) and the Federal Aviation Administration in the United States regularly issue mandatory directives requiring inspections and/or component replacement based on the TSB's preliminary findings. In such situations, rather than issuing recommendations, the TSB can then report on the corrective actions already taken by industry and government agencies.

In accordance with the *Canadian Transportation Accident Investigation and Safety Board Act*, a federal minister who is notified of a TSB recommendation must, within 90 days, advise the Board in writing of any action taken or proposed to be taken in response, or the reasons for not taking action. The Board considers each response, assessing the extent to which the related safety deficiency was addressed. When a recommendation generates responses from within and outside Canada, the Board's assessment is based primarily on the Canadian response. This year, the TSB continued to publish on its website (www.bst-tsb.gc.ca) its assessment of industry and government organization responses to its recommendations made since January 2005.

During the period between 29 March 1990 and 31 March 2010, a total of 529 recommendations were assessed by the Board in the fully satisfactory, satisfactory intent, satisfactory in part and unsatisfactory categories. In addition, 8 recommendations are awaiting Board assessment, bringing the total number to 537.

In the 20-year period from 1990 to 2010, a majority of Board recommendations have effected positive change. As shown in Figure 3, in 67 per cent of cases, change agents have taken action that substantially reduces the deficiency noted in the recommendation. In 13 per cent of cases (satisfactory intent), change agents plan to take action that will substantially reduce the deficiency noted in the recommendation. In 14 per cent of cases (satisfactory in part), change agents have taken or plan to take action that will only partially address the deficiency noted in the recommendation. In 6 per cent of cases (unsatisfactory), change agents have neither taken nor plan to take action that will address the deficiency noted in the recommendation. With 67 per cent of TSB recommendations fully implemented, clearly there is room for improvement. This is an issue that the TSB intends to continue to bring to the attention of government, industry and the Canadian public.

Figure 3: Ratings of Assessments of Responses, 1990–2010



Communicating Transportation Safety to Canadians and the Transportation Community

Following a major accident, Canadians expect to learn about what happened, why it happened and what needs to be done to prevent a similar accident in the future. The transportation industry also depends on the TSB to report findings and recommendations to make the changes necessary to increase safety.

To meet these needs, the TSB communicates its findings to Canadians through final investigation reports, website updates and media events organized throughout the country. We also share information with regulators and the industry about important safety deficiencies we find during investigations so that they can take prompt action to correct them.

> Canada's Transport Minister reported on 18 March 2010 in front of the Standing Committee on Transport, Infrastructure and Communities: "the TSB report on the incident involving a business jet was particularly powerful and it was one of the reasons why I announced earlier that Transport Canada will take back on April 1, 2011 the certification and oversight functions for business aviation from the Canadian Business Aviation Association."

In 2009–2010, the TSB held 8 media events and responded to several hundred media inquiries through the Head Office central media line, not including those inquiries handled regionally or immediately at an accident site.

Board members also gave speeches and presentations at a number of transportation industry events to connect with decision makers, raise awareness of transportation system risks and encourage further action on TSB recommendations. This fiscal year, they spoke to 6 audiences in the aviation, marine and railway industries.

TSB investigators play an important role in promoting the TSB's work and sharing information learned from investigations by attending events and conferences in Canada and abroad. They also hosted visits from other international investigative bodies to exchange information and best practices in investigations.

In 2009–2010, the TSB completed 73 investigation reports. During this period, 207 new subscribers joined the TSB electronic notification system for a total of 2,766 subscribers. The TSB Macro-Analysis Division published annual and monthly statistical reports and responded to 368 requests for complex transportation occurrence database information.

To further increase uptake on TSB recommendations, we released our Safety Watchlist on 16 March 2010. This list raises awareness of the nine most important safety issues that pose the greatest risks to Canadian transportation and where further action is needed to eliminate them. The Watchlist will be updated periodically as the regulator and industry make progress in addressing these issues.

The TSB website continues to be an important resource for providing information on accident investigations and transportation safety in general. Since the website redesign last year, we continue to make improvements to site navigability and content. We received an average of over 62,000 daily hits and almost 5,000 daily visitors.

While it is difficult to measure the results of our efforts to increase the reach of our communications activities, tangible signs continue to point to a degree of effectiveness of achieving target results. Stakeholders and media use TSB's safety messages in their activities. TSB techniques and methods raise ongoing interest in Canada and around the world.

1.6 Contribution of Priorities to the TSB Strategic Outcome

The following table shows the progress achieved against the management priorities identified in our 2009–2010 Report on Plans and Priorities. In general, while progress was made, all priority areas suffered as a result of staff turnover. For a small organization like the TSB, our capacity to deal with these departures can be challenging as they have an impact on management, operations and internal services. The TSB is exploring various options to expedite access to qualified staff in order to minimize the impact of staff departures in the future.

Priorities	Type	Status
Productivity and Effectiveness of Safety Communications	Ongoing	Mostly met all the expectations. As described in section 2, there were significant improvements in the timeliness of reporting for 3 of the 4 modes. Additionally, the effectiveness of safety communications also improved as measured by the percentage of responses that were assigned a fully satisfactory or satisfactory intent rating. Due to the interdependency of some projects and staff turnover, the optimization of some of our technological tools was delayed and the full implementation of our performance measurement framework had to be postponed to next year.
Information Technology Infrastructure and Information Management	Ongoing	Mostly met all expectations. Significant progress was achieved in the upgrade of our applications infrastructure and the reduction and management of our information technology assets infrastructure and applications. Due to limited capacity, only partial progress was achieved in the development and implementation of an electronic records management system, standardization of our electronic forms and assessment of our business processes. Renewed efforts will be made in the next fiscal year in these areas.
Workforce Renewal and Retention	Ongoing	Somewhat met the expectations. Significant progress was made on the follow-up on results of the 2008 Public Service Employee Survey and the review and update of employee work descriptions. Due to limited capacity or change in the scope of some initiatives, work relating to the implementation of the Multi-Modal Training and Standards Division and the standby system review will only be completed in 2010–2011.
Financial Management	Ongoing	Expectations not met. Very little progress has been achieved in the planned improvement to the financial forecasting and costing processes due to significant turnover in the Finance and Administration Division. This division was fully staffed by year-end and this work is planned for 2010–2011.

1.7 Expenditure Profile

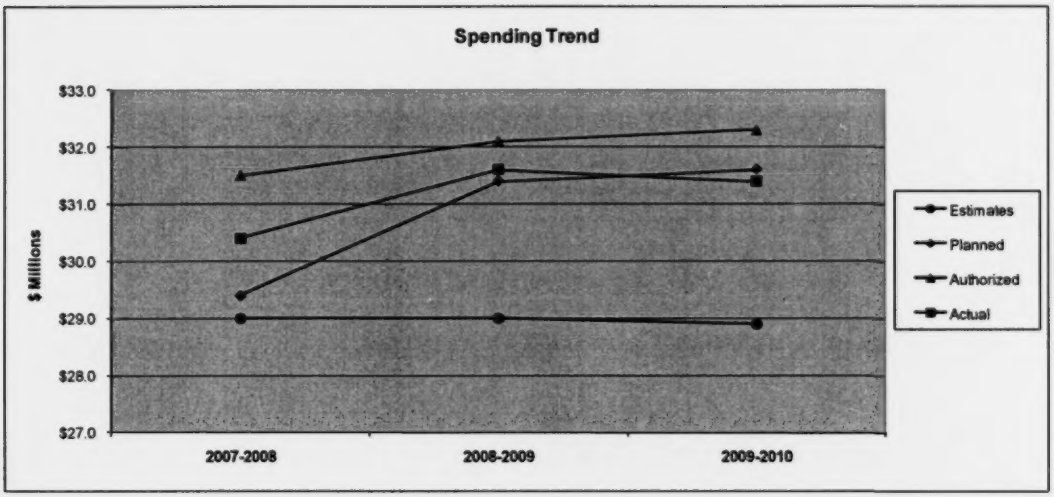
As shown in the table below, expenditures for 2009–2010 are essentially in line with previous years' expenditures. Program expenditures in 2009–2010 decreased from 2008–2009 by $0.5 million or 1.8 per cent. The decrease is primarily attributed to lower expenditures on corporate projects. The TSB's expenditures for contributions to employee benefit programs increased by $0.4 million or 11 per cent from 2008–2009 to 2009–2010. This expenditure is determined by Treasury Board Secretariat by allocating a percentage of the government's expense for employee benefit programs to each department. The increase in TSB's expenditure reflects its share of the increase at the government-wide level.

Voted and Statutory Items ($ thousands)					
Vote # or Statutory Item (S)	**Wording**	**2007–2008 Actual Spending**	**2008–2009 Actual Spending**	**2009–2010 Main Estimates**	**2009–2010 Actual Spending**
	Canadian Transportation Accident Investigation and Safety Board				
10	Program Expenditures	27,104	28,251	25,635	27,736
(S)	Contributions to employee benefit plans	3,287	3,319	3,309	3,680
(S)	Spending of proceeds from the disposal of surplus Crown Assets	39	15	0	19
(S)	Expenditures pursuant to paragraph 29.1(1) of the *Financial Administration Act*	10	19	0	14
	Total	**30,440**	**31,604**	**28,944**	**31,449**

The following chart shows the TSB spending trend over a three-year period. Reference levels provided through the Main Estimates have remained stable over the past three years. However, additional authorities have been provided through Supplementary Estimates and Treasury Board vote transfers. These authorities were essentially intended to cover incremental costs to offset collective bargaining increases and the carry-forward of previous years' lapses.

Actual expenditures for 2009–2010 are closely aligned with management's spending plans. The year-end lapse of departmental funds was higher than originally planned as a result of delays in the progress on projects and related spending caused by turnover in staff.

Figure 4: Spending Trend between 2007–2008 and 2009–2010



Section 2: Analysis of Program Activities

2.1 Strategic Outcome

The mitigation of risks to the safety of the transportation system through independent accident investigations.

2.2 Program Activities

The TSB has four key program activities, which are the conduct of safety investigations in the following four transportation sectors:

- Marine
- Pipeline
- Rail
- Air

Within each program, personnel conduct independent safety investigations into selected transportation occurrences. They identify causes and contributing factors, assess risks to the system, formulate recommendations to improve safety, publish investigation reports, communicate safety information to stakeholders, undertake outreach activities with key change agents, as well as assess and follow up on responses to recommendations. These activities are carried out by highly qualified investigators who are experts in the transportation operational sectors. They also work closely with personnel who are responsible for executing specialized work in the following fields: engineering and technical, macro-analysis, human performance and communications.

The Internal Services program activity also contributes to the achievement of TSB's strategic outcome. This program activity includes the functions and resources required to support the needs of the program activities of the four transportation modes and to meet the department's corporate obligations, such as human resources, finance, administration, information management and information technology. The activities of the Board, Communications and Legal are an integral component of the program activities of the four transportation modes and hence their financial and human resources are presented within those activities.

2.3 Benefits for Canadians

The TSB exists as an independent investigation authority with the sole goal of advancing transportation safety. Since its inception, the TSB has conducted thousands of investigations across the modes it investigates. Through its contacts with regulators, manufacturers and other investigative authorities, findings from TSB investigations have led to numerous improvements to operational practices, equipment design and regulations throughout all sectors of the marine, pipeline, rail and aviation industries. Thanks to the professionalism and dedication of its staff, the TSB has also made significant

contributions to accident investigation techniques and methodologies over the past 20 years. These efforts have firmly established the TSB as a leader in transportation safety around the world and contributed to Canada's economic and social well-being.

For detailed information on TSB activities in the four transportation sectors, see the TSB's 2009–2010 Annual Report to Parliament at http://www.bst-tsb.gc.ca/eng/publications/index.asp.

2.4 Performance Analysis by Program Activity

The following tables present the expected results, performance indicators and targets for each of the TSB's program activities. Note that all numbers in the performance analysis sections have been rounded.

2.4.1 Marine Investigations

Program Activity: Marine Investigations					
2009–2010 Financial Resources ($ thousands)			2009–2010 Human Resources (FTEs)		
Planned Spending	**Total Authorities**	**Actual Spending**	**Planned**	**Actual**	**Difference**
5,551	5,656	5,526	41[6]	38	3

Expected Results	Performance Indicators	Targets	Performance Status and Summary
Increased productivity while conducting investigations	Number of investigation reports published	Publication of all reports on investigations started in 2008–2009	Target mostly met. The TSB published the reports on 5 of the 6 investigations started in 2008–2009 and 4 reports on investigations started in prior fiscal years.

[6] The 2009–2010 Report on Plans and Priorities was the first year that Internal Services was presented as a program activity. The allocation of planned FTEs to Internal Services was incorrectly overstated and understated for the other activities. The 2009–2010 planned FTEs have been restated here and are consistent with amounts reported in the 2010–2011 Report on Plans and Priorities.

Program Activity: Marine Investigations			
	Average time for completing investigation reports	Average time for completing investigation reports is less than 456 days	Target not met. The average time for completing the reports was 529 days.
	Number of safety communications issued	Not determined[7]	The TSB issued: - 1 safety recommendation - 7 safety advisories - 9 information letters
Increased effectiveness of safety communications	Results of Board assessment of responses to recommendations over a 20-year period	Not determined	From 1990 to 2010, 92 per cent of responses to recommendations were assigned a fully satisfactory or satisfactory intent rating.

Performance Analysis

The TSB published 9 marine investigation reports. These reports were completed within an average time of 529 days, or 73 days more than the target objective. Among the 9 investigations completed, 11 per cent (1) were started in 2009–2010, 56 per cent (5) in 2008–2009 and 33 per cent (3) in previous fiscal years.

A comparison of the results from this year and last year shows an increase of 83 per cent in the number of investigations undertaken, 11 compared with 6 and a decrease of 50 per cent in the number of investigations completed, 9 compared with 18. The significant variation in investigations undertaken and completed is due to the Branch focusing its resources in 2008–2009 to clearing the backlog of old reports (over two years old), which was successfully completed. With fewer backlogged reports in 2009–2010, the Marine Branch was able to increase the number of new investigations.

Although the target of 456 days to complete an investigation report was not achieved, the average time to complete an investigation report fell from 796 days in 2008–2009 to 529 days in 2009–2010, a drop of 34 per cent. Additionally, the report into the explosion

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7 A target for the number of safety communications issued cannot be set because the actual results vary depending on the findings of the investigations into individual transportation occurrences.

on the vessel *Nils B* was substantially delayed due to reasons beyond the control of the TSB. These reasons include a delay in reporting the occurrence to the TSB, resulting in a late deployment and significant delay in gathering initial information (as the ship had sailed) and a two-month delay by designated reviewers in responding to the confidential draft report. If this occurrence is taken out of consideration, the average duration of reports completed was reduced from 796 days last year to 465 days; 9 days below target.

From 1990 to 2010, the large majority of marine safety recommendations assessed by the Board have resulted in positive changes. The change agents took measures to substantially reduce the deficiencies described in the recommendations in 73 per cent of cases (106 of 146) and plan to take such action in 19 per cent of cases (28 of 146).

Lessons Learned

Throughout the fiscal year, the TSB Marine Branch has faced challenges due to fluctuations in human resources. The in-house availability is "one deep" for positions providing specialist input into reports, such as naval architecture. For example, during this time period, the TSB was called upon by the Kingdom of Tonga to assist in a joint international investigation involving Tonga, New Zealand, Australia, and Japan into the sinking of the Tongan passenger ferry *Princess Ashika* with 74 fatalities. As a consequence of this commitment to provide such support, naval architecture resources were re-directed to this project, which had noticeable consequences on the planned targets of one or more investigation reports. In addition, workplace absences of key personnel due to sick leave had a further impact on available resources.

The TSB Marine Branch has learned that our "one deep" human resources situation should be mitigated by building redundancy in key specialist positions. Additionally, the Marine Branch will continue to seek improvement through the application of updated practices and processes and reflect on lessons learned with each report and adjust as needed. Furthermore, the Branch will conduct an internal review so as to ensure that the organizational structure is aligned with current investigative processes to ensure optimal efficacy.

2.4.2 Pipeline Investigations

Program Activity: Pipeline Investigations					
2009–2010 Financial Resources ($ thousands)			2009–2010 Human Resources (FTEs)		
Planned Spending	**Total Authorities**	**Actual Spending**	**Planned**	**Actual**	**Difference**
451	462	451	3	3	0

Expected Results	Performance Indicators	Targets	Performance Status and Summary
Increased productivity while conducting investigations	Number of investigation reports published	Publication of 1 investigation report	Target met. The TSB published 1 report.
	Average time for completing investigation reports	Average time for completing a Class 3 report is 456 days, and 548 days for a Class 2 report	Target exceeded. The average time for completing the Class 3 report was 374 days.
	Number of safety communications issued	Not determined[8]	No safety communications were issued.
Increased effectiveness of safety communications	Results of Board assessment of responses to recommendations over a 20-year period	Not determined	From 1990 to 2010, 70 per cent of responses to recommendations were assigned a fully satisfactory or satisfactory intent rating.

[8] A target for the number of safety communications issued cannot be set because the actual results vary depending on the findings of the investigations into individual transportation occurrences.

Performance Analysis

The TSB published 1 pipeline investigation report in 2009–2010. The average time to complete a pipeline investigation report declined from 542 days in 2008–2009 to 374 days in 2009–2010, a decrease of 31 per cent. The decrease was accomplished through a sustained effort to manage the investigation process from start to finish. This includes early development of a sequence of events (timeline) and identification of the cause, contributing factors and safety deficiencies associated with residual risk. The end result is a more concise, focused report produced within a shorter timeframe.

From 1990 to 2010, the 20 pipeline safety recommendations assessed by the Board have resulted in positive changes. The change agents took measures to substantially reduce the deficiencies described in the recommendations in 70 per cent of cases (14 of 20). In 10 per cent of cases (2 of 20), change agents have taken or plan to take action that will only partially address the deficiency noted in the recommendation. Four recommendations remain assessed as "Unsatisfactory." These unresolved recommendations will continue to be reassessed with the intent of approaching the regulator to discuss areas for potential risk mitigation.

Lessons Learned

The TSB has been able to meet its targets through careful and efficient use of resources. Adherence to investigative procedures and the early identification of metallurgical testing requirements has also contributed to efficient use of resources.

2.4.3 Rail Investigations

Program Activity: Rail Investigations					
2009–2010 Financial Resources ($ thousands)			2009–2010 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
4,931	5,233	5,073	34[9]	34	0

[9] The 2009–2010 Report on Plans and Priorities was the first year that Internal Services was presented as a program activity. The allocation of planned FTEs to Internal Services was incorrectly overstated and understated for the other activities. The 2009–2010 planned FTEs have been restated here and are consistent with amounts reported in the 2010–2011 Report on Plans and Priorities.

Program Activity: Rail Investigations			
Expected Results	**Performance Indicators**	**Targets**	**Performance Status and Summary**
Increased productivity while conducting investigations	Number of investigation reports published	Publication of 12 investigation reports	Target exceeded. The TSB published 13 reports.
	Average time for completing investigation reports	Average time for completing investigation reports is less than 548 days	Target exceeded. The average time for completing reports was 498 days.
	Number of safety communications issued	Not determined[10]	The TSB issued: - 4 safety recommendations - 8 safety advisories - 9 information letters
Increased effectiveness of safety communications	Results of Board assessment of responses to recommendations over a 20-year period	Not determined	From 1990 to 2010, 87 per cent of responses to recommendations were assigned a fully satisfactory or satisfactory intent rating.

Performance Analysis

The TSB published 13 rail investigation reports. These reports were completed within an average period of 498 days, or 50 days less than the target objective. A comparison of the results from this year and last year shows an increase of 22 per cent in the number of investigations undertaken, 18 compared with 14, and a decrease of 41 per cent in the number of investigations completed, 13 compared with 22. Over the past 10 years, the Rail Investigations Branch has conducted an average of 15 investigations per year, ranging from a high of 17 to a low of 11. While last year was slightly below average with 14 investigations conducted, this year's increase to 18 is related to two factors:

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10 A target for the number of safety communications issued cannot be set because the actual results vary depending on the findings of the investigations into individual transportation occurrences.

- Three of the investigations involve long, heavy trains, which is an issue on the Board's Watchlist.

- Four of the investigations involve significant train collisions. This seems to be an emerging trend and, as such, a higher activity level was necessary.

The TSB continues to monitor these ongoing issues.

Among the 13 investigations completed, 8 per cent (1) were started this fiscal year, 54 per cent (7) in 2008–2009, 31 per cent (4) in 2007–2008 and one was started prior to this. The average time to complete an investigation report fell from 539 days in 2008–2009 to 498 days in 2009–2010, a drop of 7 per cent.

From 1990 to 2010, most of the 128 rail safety recommendations assessed by the Board have resulted in positive changes. The change agents took measures to substantially reduce the deficiencies described in the recommendations in 75 per cent of cases (96 of 128) and plans to take such measures in 12 per cent of cases (15 of 128).

Lessons Learned

Over the past year, the Rail Branch has focused a significant effort in more efficiently managing the investigation process from start to finish. This includes direct intervention by the Regional Manager in the early stages of the investigation to develop a sequence of events (timeline) as well as early identification of the causes, contributing factors and safety deficiencies associated with residual risk. This assists in producing a more concise, focused report in a shorter timeframe. Better focused reports also have a more significant effect on the change agents which often translates to direct safety action and reduction of risk.

2.4.4 Air Investigations

Program Activity: Air Investigations					
2009–2010 Financial Resources ($ thousands)			2009–2010 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
13,524	13,969	13,525	100[11]	94	6

[11] The 2009–2010 Report on Plans and Priorities was the first year that Internal Services was presented as a program activity. The allocation of planned FTEs to Internal Services was incorrectly overstated and understated for the other activities. The 2009–2010 planned FTEs have been restated here and are consistent with amounts reported in the 2010–2011 Report on Plans and Priorities.

Program Activity: Air Investigations			
Expected Results	**Performance Indicators**	**Targets**	**Performance Status and Summary**
Increased productivity while conducting investigations	Number of investigation reports published	Publication of 60 investigation reports	Target mostly met. The TSB published 50 investigation reports.
	Average time for completing investigation reports	Average time for completing investigation reports is less than 456 days	Target exceeded. The average time for completing the reports was 430 days.
	Number of safety communications issued	Not determined[12]	The TSB issued: - 6 safety recommendations - 9 safety advisories - 2 information letters
Increased effectiveness of safety communications	Results of Board assessment of responses to recommendations over a 20-year period	Not determined	From 1990 to 2010, 71 per cent of responses to recommendations were assigned a fully satisfactory or satisfactory intent rating.

Performance Analysis

In 2009–2010, the TSB undertook 33 new air investigations and completed 50 reports. A comparison with last year shows a drop in the number of investigations undertaken, 33 compared with 43 (mostly due to a 12 per cent decrease in the number of reported occurrences), and an increase in the number of investigations completed, 50 compared with 46. Among the 50 investigations completed, 16 per cent (8) were started in this fiscal year, 56 per cent (28) in 2008–2009 and 28 per cent (14) in 2007–2008. The TSB

[12] A target for the number of safety communications issued cannot be set because the actual results vary depending on the findings of the investigations into individual transportation occurrences.

again this year exceeded its target by producing reports in 27 fewer days than the target objective. The TSB also communicated many safety deficiencies it identified through safety advisories and information letters before investigation reports were issued.

From 1990 to 2010, the 235 air safety recommendations assessed by the Board have resulted in positive changes. The change agents took measures to substantially reduce the deficiencies described in the recommendations in 60 per cent of cases (141 of 235) and plan to take such measures in 11 per cent of cases (26 of 235).

Lessons Learned

The Air Investigations Branch is not satisfied with the current uptake on recommendations and will continue to work collaboratively with the change agents to increase the uptake. The Air Investigations Branch will adopt the recommendations of the Chair's Challenge by including more proactive meetings to increase the uptake.

2.4.5 Internal Services

Program Activity: Internal Services					
2009–2010 Financial Resources ($ thousands)			2009–2010 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
7,126	7,009	6,874	57[13]	51	6

Performance Analysis

TSB's Internal Services program activity includes the functions and resources required to support the needs of the program activities of the four transportation modes and to meet the department's corporate obligations. These activities are coordinated by the TSB's Corporate Services Branch and include the services relating to: branch management and oversight; human resources; financial management; information management; information technology; real property; materiel; acquisition; and other administrative services.

In 2009–2010, the TSB was assessed as part of the Treasury Board Secretariat's Round VII of the Management Accountability Framework (MAF) assessments. The MAF sets out the Treasury Board's expectations of departments and agencies for good public service management. MAF assessments are used to identify management strengths and

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[13] The 2009–2010 Report on Plans and Priorities was the first year that Internal Services was presented as a program activity. The allocation of planned FTEs to Internal Services was incorrectly overstated and understated for the other activities. The 2009–2010 planned FTEs have been restated here and are consistent with amounts reported in the 2010–2011 Report on Plans and Priorities.

weaknesses. The observations by the Treasury Board Secretariat related to the TSB management capacity were very positive. The TSB received an acceptable rating in 14 of the 15 Areas of Management against which the organization was assessed. The quality of performance reporting was assessed as requiring improvement. The TSB is taking corrective action by enhancing the description of its performance in the Departmental Performance Report and by providing substantiation and discussion of corrective actions where plans were not fully met.

In addition to ensuring the ongoing provision of quality internal services to its clients, the Corporate Services Branch focused its efforts on three key priorities in 2009–2010. First, the Branch implemented a new business planning process to better integrate human resources planning into the corporate plan. The 2010–2011 Business Plan now includes the corporate risks, challenges, priorities and major projects, as well as the detailed plans of each Branch. These detailed plans include: risks, priority activities, performance indicators, allocated human and financial resources, as well as staffing plans and learning priorities.

Another priority of the Corporate Services Branch was to stabilize its workforce because the Branch had experienced significant turnover in recent years. The Branch experienced some difficulties in staffing its positions, as can be seen by the lower-than-planned spending and FTEs in the table above. However by year end, most positions were staffed or in the process of being staffed.

The TSB continues to work on improving its practices, controls and infrastructure in the areas of information technology, information management, human resources and finance. The project to rationalize and reduce its information technology infrastructure continued to progress on schedule. To date, the department has been able to reduce the number of servers, printers and other information technology equipment through identified efficiencies. The project to develop and implement a full electronic records management system was delayed as a result of vacancies in the Information Management Division. The review of the options for implementing an electronic records management system will continue into 2010–2011.

Progress was achieved in updating and streamlining the internal policies and procedures relating to human resources. However, vacancies resulted in less progress being achieved than desired on the policies and procedures in the areas of information management and finance.

Lessons Learned

The success of the Corporate Services Branch in achieving its priorities is dependent largely on the expertise, the professionalism and the competence of its employees. Many of the positions are "one deep," that is, there is only one person responsible for a specific task or function. The Branch needs to build on the improvements it has made to the strategic human resources planning process in 2009–2010 and perform more anticipatory staffing and succession planning for key positions in order to minimize the impact of vacancies.

Section 3: Supplementary Information

3.1 Financial Highlights

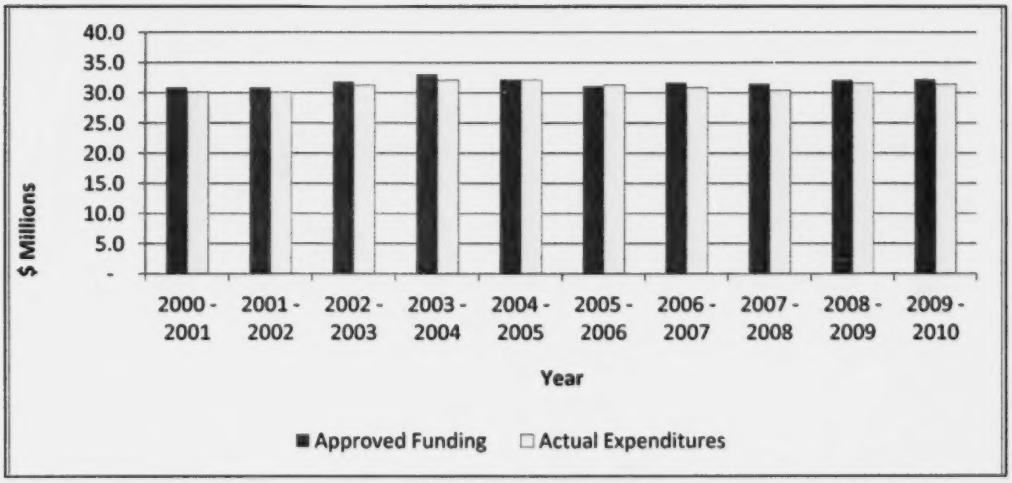
The financial highlights presented within this section are intended to provide additional information about TSB's financial position and operations.

The TSB started the year with authorities of $28.9 million in the Main Estimates. Additional authorities (Treasury Board vote transfers) in the amount of $3.3 million were approved during the year for total approved funding of $32.3 million. This included $0.6 million for the carry-forward of the previous year's lapse, $1.6 million for collective bargaining adjustments, and $0.6 million for severance and parental benefits expenditures.

As seen in Figure 5, over the past 10 years, TSB's funding has remained fairly consistent in the range of $31 to $32 million. For the period of 2002–2003 to 2004–2005, the TSB received short-term funding from Parliament to address specific resource pressures. Funding has subsequently leveled off and increases in funding in the last two years are primarily explained by employee salary increases negotiated through collective bargaining.

Expenditures for fiscal year 2009–2010 total $31.4 million, in line with the 2008–2009 expenditures of $31.6 million.

Figure 5: TSB's Funding and Expenditures from 2000–2001 to 2009–2010



Financial Statements

The TSB prepares detailed annual financial statements on an accrual accounting basis, which are audited by the Office of the Auditor General of Canada. The audited financial statements of the TSB for the year ended 31 March 2010, as well as the related auditor's report, can be found in Appendix B.

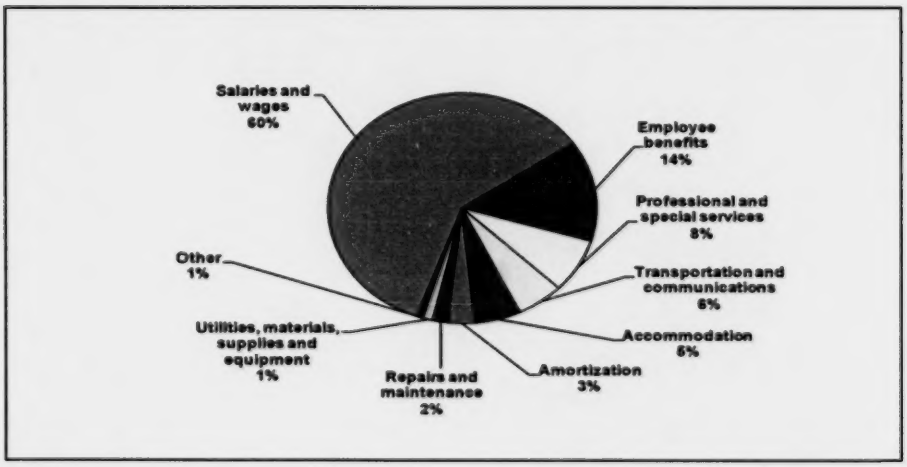
On an accrual accounting basis, the TSB's expenses and net cost of operations were $34.8 million for 2009–2010 ($36.1 million in 2008–2009). These results include $3.8 million in services received without charge from other federal government departments. The significant decrease in expenses on an accrual basis is attributed to the calculated liability for employee severance benefits. This liability is determined for financial statement purposes but has no impact on the department's appropriations until severance benefits are paid. The rate provided by the Treasury Board Secretariat to calculate the liability decreased significantly in 2009–2010 compared to 2008–2009.

In general, all other categories of expenses remained consistent with the prior year or reduced slightly. Salaries and wages increased by $0.3 million or 1.7 per cent, consistent with employee collective bargaining salary increases. Professional and special services decreased by $0.4 million or 12 per cent as a result of reduced spending on consultant and training services.

The net cost of operations of the TSB represents an approximate cost of $1.02 per Canadian citizen. For this amount, Canada maintains the capability to investigate major failures in four different modes of the national transportation system.

The following graph shows TSB expenses by major categories.

Figure 6: TSB Expenses by Category



3.2 Supplementary Tables

The electronic version of the following supplementary information tables can be found on the Treasury Board of Canada's website at http://www.tbs-sct.gc.ca/estsd-bddc/index-eng.asp.

- User Fees
- Internal Audits and Evaluations
- Response to Parliamentary Committees and External Audits

3.3 Contacting the TSB

Additional information about the Transportation Safety Board of Canada and its activities is available on the TSB website at http://www.bst-tsb.gc.ca/eng/index.asp or by contacting us at:

Transportation Safety Board of Canada
Place du Centre
200 Promenade du Portage
4th Floor
Gatineau, Quebec
K1A 1K8

E-mail: communications@bst-tsb.gc.ca
Toll Free: 1 800 387-3557
Fax: 819-997-2239

Appendix A – Glossary

Accident	in general, a transportation occurrence that involves serious personal injury or death, or significant damage to property, in particular to the extent that safe operations are affected (for a more precise definition, see the *Transportation Safety Board Regulations*)
Incident	in general, a transportation occurrence whose consequences are less serious than those of an accident, or that could potentially have resulted in an accident (for a more precise definition, see the *Transportation Safety Board Regulations*)
Occurrence	a transportation accident or incident
Safety Recommendation	a formal way to draw attention to systemic safety issues, normally warranting ministerial attention
Safety Advisory	a less formal means for communicating lesser safety deficiencies to officials within and outside the government
Safety Information Letter	a letter that communicates safety-related information, often concerning local safety hazards, to government and corporate officials

Appendix B – Audited Financial Statements

Statement of Management Responsibility

TRANSPORTATION SAFETY BOARD OF CANADA

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2010 and all information contained in these statements rests with management of the Transportation Safety Board of Canada (TSB). These financial statements have been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the TSB's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the TSB's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the TSB.

The financial statements of the TSB have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada.

Wendy A. Tadros

Wendy A. Tadros
Chair

Chantal Lemyre

Chantal Lemyre, CGA
Chief Financial Officer

Gatineau, Canada
July 23, 2010

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Chair of the Transportation Safety Board of Canada
and to the President of the Queen's Privy Council for Canada

I have audited the statement of financial position of the Transportation Safety Board of Canada as at March 31, 2010 and the statements of operations, equity of Canada and cash flow for the year then ended. These financial statements are the responsibility of the Transportation Safety Board of Canada's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Transportation Safety Board of Canada as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Régent Chouinard, CA
Principal
for the Auditor General of Canada

Ottawa, Canada
July 23, 2010

Statement of Financial Position

TRANSPORTATION SAFETY BOARD OF CANADA

As at March 31 (in thousands of dollars)	2010	2009
Assets		
Financial assets		
Due from the Consolidated Revenue Fund	1,625	3,090
Accounts receivable and advances (Note 4)	120	176
Total financial assets	1,745	3,266
Non-financial assets		
Prepaid expenses	109	70
Inventory	129	119
Tangible capital assets (Note 5)	5,418	5,490
Total non-financial assets	5,656	5,679
TOTAL Assets	7,401	8,945
Liabilities and Equity of Canada		
Liabilities		
Accounts payable and accrued liabilities	1,718	3,208
Vacation pay and compensatory leave	1,044	919
Employee severance benefits (Note 6)	4,165	4,707
Total liabilities	6,927	8,834
Equity of Canada	474	111
TOTAL Liabilities and Equity of Canada	7,401	8,945

Contingent liabilities (Note 7)
Contractual obligations (Note 8)

The accompanying notes form an integral part of these financial statements.

Wendy A. Tadros

Wendy A. Tadros
Chair

Chantal Lemyre

Chantal Lemyre, CGA
Chief Financial Officer

Gatineau, Canada
July 23, 2010

Statement of Operations

TRANSPORTATION SAFETY BOARD OF CANADA

For the year ended March 31

(in thousands of dollars)	2010	2009
Expenses		
Salaries and wages	20 832	20 486
Employee benefits	4 943	5 989
Professional and special services	2 661	3 034
Transportation and communications	1 989	2 267
Accommodation	1 950	1 948
Amortization	1 121	1 012
Repairs and maintenance	621	661
Utilities, materials, supplies and equipment	397	445
Information	144	84
Rentals	114	125
Net loss on disposal and write-off of tangible capital assets	11	19
TOTAL Expenses	34 783	36 070
Revenues		
Miscellaneous revenues	23	28
TOTAL Revenues	23	28
Net Cost of Operations	34 760	36 042

The accompanying notes form an integral part of these financial statements.

Statement of Equity of Canada

TRANSPORTATION SAFETY BOARD OF CANADA

For the year ended March 31 (in thousands of dollars)	**2010**	2009
Equity of Canada, beginning of the year	**111**	761
Net cost of operations	**(34,760)**	(36,042)
Net cash provided by the Government of Canada (Note 3 (c))	**32,746**	30,653
Change in Due from the Consolidated Revenue Fund	**(1,465)**	927
Services received without charge (Note 9(a))	**3,842**	3,812
Equity of Canada, end of the year	**474**	111

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flow

TRANSPORTATION SAFETY BOARD OF CANADA

For the year ended March 31 (in thousands of dollars)	**2010**	2009
Operating activities		
Net cost of operations	**34,760**	36,042
Non-cash items:		
Services received without charge (Note 9(a))	**(3,842)**	(3,812)
Amortization of tangible capital assets	**(1,121)**	(1,012)
Net loss on disposal and write-off of tangible capital assets	**(11)**	(19)
Variations in Statement of Financial Position:		
Decrease in accounts receivable and advances	**(56)**	(141)
Increase in prepaid expenses	**39**	32
Increase in inventory	**10**	43
Decrease (increase) in liabilities	**1,907**	(1,619)
Cash used for operating activities	**31,686**	29,514
Capital investment activities		
Acquisition of tangible capital assets	**1,068**	1,150
Proceeds from the disposal of tangible capital assets	**(8)**	(11)
Cash used for capital investment activities	**1,060**	**1,139**
Net cash provided by the Government of Canada	**32,746**	30,653

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

TRANSPORTATION SAFETY BOARD OF CANADA

1. Authority and Objectives

The Canadian Transportation Accident Investigation and Safety Board (CTAISB) was established in 1990 under the *Canadian Transportation Accident Investigation and Safety Board Act* and is a departmental corporation named in Schedule II to the *Financial Administration Act*. In its day-to-day activities the CTAISB is also known by the name Transportation Safety Board of Canada, or simply the TSB. The objective of the TSB is to advance transportation safety. It seeks to identify safety deficiencies in transportation occurrences and to make recommendations designed to eliminate or reduce any such safety deficiencies. In addition to investigations, including where necessary public inquiries into selected occurrences, the TSB may conduct studies into more general matters pertaining to transportation safety. The TSB has the exclusive authority to make findings as to causes and contributing factors when it investigates a transportation occurrence. The TSB's operating expenditures are funded by a budgetary lapsing authority whereas contributions to employee benefit plans are funded by statutory authorities.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

(a) Parliamentary appropriations
The TSB is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the TSB do not parallel financial reporting according to Canadian generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and the Statement of Financial Position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the two bases of reporting.

(b) Net Cash Provided by Government
The TSB operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the TSB is deposited to the CRF and all cash disbursements made by the TSB are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

(c) Due from the Consolidated Revenue Fund
Due from the Consolidated Revenue Fund represents the amount of cash that the TSB is entitled to draw from the CRF, without further appropriations, in order to discharge its liabilities.

(d) Revenues
Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

2. Summary of Significant Accounting Policies (continued)

(e) Expenses

Expenses are recorded on an accrual basis:

- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
- Services received without charge from other government departments are recorded as operating expenses at their estimated cost.

(f) Employee future benefits

- Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multi-employer plan administered by the Government of Canada. The TSB's contributions to the Plan are charged to expenses in the year incurred and represent the total TSB obligation to the Plan. Current legislation does not require the TSB to make contributions for any actuarial deficiencies of the Plan.
- Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(g) Accounts receivable

Accounts receivables are stated at amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

(h) Inventories

Inventories consists of parts, material and supplies held for future program delivery and not intended for re-sale. They are valued at cost. If they no longer have service potential, they are valued at the lower of cost or net realizable value.

2. Summary of Significant Accounting Policies (continued)

(i) Tangible capital assets

All tangible capital assets and leasehold improvements having an initial cost of $2,000 or more are recorded at their acquisition cost.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Tangible Capital Asset class	Amortization Period
Buildings	30 years
Furniture	10 years
Office equipment	5 years
Laboratory equipment	10 years
Informatics hardware	4 years
Informatics software (purchased)	3 years
Informatics software (in house developed)	10 years
Motor vehicles	7 years
Other vehicles	15 years
Leasehold improvements	Lesser of the remaining term of the lease or useful life of the improvement

(j) Measurement uncertainty

The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the useful lives of tangible capital assets, the assumptions underlying the employee severance benefits liability and the assessment of contingent liabilities. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. Parliamentary Appropriations

The TSB receives its funding through annual Parliamentary appropriations. Items recognized in the Statement of Operations and the Statement of Financial Position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the TSB has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year Parliamentary appropriations used:

(in thousands of dollars)	2010	2009
Net cost of operations	**34,760**	36,042
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Add (Less):		
Services received without charge	**(3,842)**	(3,812)
Amortization of tangible capital assets	**(1,121)**	(1,012)
Net loss on disposal and write-off of tangible capital assets	**(11)**	(19)
Employee severance benefits	**542**	(905)
Vacation pay and compensatory leave	**(125)**	55
Refund of previous years' expenses	**1**	-
Miscellaneous revenues	**23**	28
Payables at year-end adjustment	**129**	1
Other adjustments	**(25)**	1
	30,331	30,379
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Add (Less):		
Acquisition of tangible capital assets	**1,068**	1,150
Increase in prepaid expenses	**39**	32
Increase (decrease) inventory	**11**	43
Current year Parliamentary appropriations used	**31,449**	31,604

(b) Parliamentary appropriations provided and used:

(in thousands of dollars)	2010	2009
Vote 10 - CTAISB Operating expenditures	**25,635**	25,589
Transfer from Treasury Board - Vote 15	**1,646**	1,329
Transfer from Treasury Board - Vote 25	**664**	1,271
Transfer from Treasury Board - Vote 30	**671**	575
Spending of revenues as per *Financial Administration Act* section 29.1	**14**	19
Statutory contributions to employee benefit plans	**3,680**	3,319
Statutory spending of proceeds from disposal of surplus Crown assets	**19**	15
Total authorities	**32,329**	32,117
Less: Lapsed appropriations - Operating	**(880)**	(513)
Current year Parliamentary appropriations used	**31,449**	31,604

3. Parliamentary Appropriations (continued)

(c) Reconciliation of net cash provided by the Government of Canada to current year Parliamentary appropriations used:

(in thousands of dollars)	2010	2009
Net cash provided by the Government of Canada	**32,746**	30,653
Proceeds from disposal of tangible capital assets	**8**	11
Refund of previous years' expenses	**1**	-
Miscellaneous revenues	**23**	28
Payables at year-end adjustment	**129**	1
Decrease in accounts receivable and advances	**56**	141
(Decrease) increase in accounts payable and accrued liabilities	**(1,490)**	769
Other adjustments	**(24)**	1
Current year Parliamentary appropriations used	**31,449**	31,604

4. Accounts Receivable and Advances

The following table presents details of accounts receivable and advances:

(in thousands of dollars)	2010	2009
Receivables from other Federal Government departments and agencies	**99**	164
Receivables from external parties	**13**	3
Employee advances	**8**	9
TOTAL	**120**	176

5. Tangible Capital Assets

Cost (in thousands of dollars)	Opening Balance	Acquisitions	Disposals	Closing Balance
Buildings	2,875	26	-	2,901
Furniture	1,191	27	(281)	937
Office equipment	205	11	(163)	53
Laboratory equipment	2,585	129	(73)	2,641
Informatics hardware	3,767	222	(1,527)	2,462
Informatics software (purchased)	763	87	-	850
Informatics software (in house developed/or in development)*	2,592	504	-	3,096
Motor vehicles	691	43	(49)	685
Other vehicles	102	-	-	102
Leasehold improvements	552	19	-	571
TOTAL	**15,323**	**1,068**	**(2,093)**	**14,298**

Accumulated amortization (in thousands of dollars)	Opening Balance	Amortization	Disposals	Closing Balance
Buildings	2,398	118	-	2,516
Furniture	514	100	(271)	343
Office equipment	205	4	(163)	46
Laboratory equipment	1,855	115	(73)	1,897
Informatics hardware	3,127	254	(1,527)	1,854
Informatics software (purchased)	668	49	-	717
Informatics software (in house developed)	574	268	-	842
Motor vehicles	403	48	(40)	411
Other vehicles	41	7	-	48
Leasehold improvements	48	158	-	206
TOTAL	**9,833**	**1,121**	**(2,074)**	**8,880**

Net book value (in thousands of dollars)	Opening Balance	Closing Balance
Buildings	477	385
Furniture	677	594
Office equipment	-	7
Laboratory equipment	730	744
Informatics hardware	640	608
Informatics software (purchased)	95	133
Informatics software (in house developed/or in development)*	2,018	2,254
Motor vehicles	288	274
Other vehicles	61	54
Leasehold improvements	504	365
Net Book Value	**5,490**	**5,418**

*The cost of assets under development, which are not amortized is $503,797.

6. Employee Benefits

(a) Pension benefits

The TSB's employees participate in the Public Service Pension Plan which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and the TSB contribute to the cost of the Plan. The 2009-10 expense amounts to $2,657,286 ($2,396,269 in 2008-09), which represents approximately 2.6 times the contributions by employees, which amounts to $1,022,033.

The TSB's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits

The TSB provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

(in thousands of dollars)	2010	2009
Employee severance benefits, beginning of year	4,707	3,802
Expense for the year recorded as employee benefits	6	1,359
Benefits paid during the year	(548)	(454)
Employee severance benefits, end of year	4,165	4,707

7. Contingent Liabilities

In the normal course of its operations, the TSB becomes involved in various legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the financial statements.

8. Contractual Obligations

The nature of the TSB's activities can result in some large multi-year contracts and obligations whereby the TSB will be obligated to make future payments when the services/goods are received.

Contractual obligations represent a total of $964,064, broken down as follows:

(in thousands of dollars)	2010-11	2011-12	2012-13	2013-14	2014-15
Acquisition of goods and services	896	58	10	-	-

9. Related Party Transactions

The TSB is related as a result of common ownership to all Government of Canada departments, agencies and Crown corporations. The TSB enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the TSB received services which were obtained without charge from other Government departments as presented in part (a). Services charged and payables outstanding at year-end with related parties are presented in (b) and (c).

(a) Services received without charge:

During the year, the TSB received without charge from other departments, accommodation, administration of workers' compensation, the employer's contribution to health and dental insurance plans, and external audit services. These services without charge have been recognized in the TSB's Statement of Operations as follows with a corresponding amount in the Equity of Canada:

(in thousands of dollars)	2010	2009
Accommodation	1,950	1,948
Employer's contribution to health and dental insurance plans	1,780	1,746
External audit services	86	99
Administration of workers' compensation	26	19
TOTAL	3,842	3,812

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in the TSB's Statement of Operations given that a reasonable amount for those types of services cannot be determined.

(b) Services charged:

During the year, the TSB reimbursed other departments for certain services purchased on a fee for service basis. The departments with which the TSB incurred significant expenses are as follows:

(in thousands of dollars)		2010	2009
Treasury Board Secretariat	Employee benefit plans	3,680	3,319
Transport Canada	Aircraft Services	586	523
Public Works and Government Services Canada	Accomodation, translation and others	615	612
TOTAL		4,881	4,454

(c) Payables outstanding at year-end with related parties:

(in thousands of dollars)	2010	2009
Treasury Board Secretariat	373	-
Public Works and Government Services Canada	84	499
Transport Canada	60	106
Other government departments and agencies	3	18
TOTAL	520	623

10. Comparative Information

Comparative figures have been reclassified to conform to the current year's presentation.